John Maissan
219 Falcon Drive, Whitehorse
Yukon, Y1A 0A2
Phone: (867) 668-7774   Email: John.Maissan@northwestel.net

IN THE MATTER OF THE ATCO ELECTRIC YUKON 2023-2024 GENERAL RATE APPLICATION

Heard before the

YUKON UTILITIES BOARD

November 27 - 30, 2023

FINAL ARGUMENT OF JOHN MAISSAN

Reply Argument introductory comments

In the preparation of this Reply Argument the transcript is referenced by page and line numbers. This reference will appear in brackets as Tr for transcript, Vol for volume (day), p for page number, and Lx-y for line numbers. For example, a reference to the transcript in volume 3 at page 128 lines 17 to 19 would appear as (Tr Vol 3, p128 L17-19). The Yukon Utilities Board is referred to as "the Board". Interrogatory responses (IRs) will be referenced by their AEY identifying numbers.

General comments on Final Arguments

I believe that the issues raised in my Final Argument have been thoroughly presented and supported with evidence from the record.

All other intervenors have made Final Arguments on particular subjects that are of interest of or concern to them. While I am not necessarily in full agreement with everything they say, I can understand and respect their perspectives, and I find no necessity to comment on their positions in this Reply Argument.

With respect to the Applicant's (AEY) Final Argument there are a few points in it that I would like to address briefly. I will address these issues in the order in which they appear in their Final Argument.

1. Paragraph 8, page 6

With respect to 2016 primary retail sales, the GRA forecast was for 303,735 MWh and the actual sales were 313,432 MWh, 3.19% higher than forecast. For 2017 when the big, unexpected growth occurred, AEY under-forecasted by about 8.59%. The Board approved primary retail sales figures that were higher than in the GRA but still only about half way between forecasted and actual sales (figures from and calculations based on Exhibit C3-6). AEY did not see a need to bring an application before the board in 2018 and 2019 because their ROE in 2017 was 3.77% above the return authorized by the Board and continued at about 3% or higher through 2022 (Exhibit C3-9).

2. Paragraph 10, page 7

With respect to the efficiencies realized between rate applications, there was a dialogue at the hearing (Tr Vol 1, p75 L8 to p77 L7) in which AEY was asked if they had any key performance indicators (KPIs) that would show what those efficiency savings might have been. There were no specific KPIs in the response, only a reference to O&M being held within inflation and a listing of cost savings such as carbon rebates, higher sales, retiring debt being replaced with lower cost debt. Later in the hearing a reduction in income tax rates from 30% to 27% was added to the list (Tr Vol 1, L11-13). The higher-than-expected primary retail sales and the increased revenue from YEC's industrial sales were repeatedly characterized as beyond AEY's control (Tr Vol 1, p122 L2-4, and elsewhere). The point I am making is that these windfalls are not “efficiencies” brought about by the management of AEY, and retaining these for shareholders for as many years as possible was effectively penalizing ratepayers.

3. Paragraph 20, page 10: Awareness of Initiatives

This is an interesting paragraph in light of the CBC radio discussion the morning of December 14, 2023, that included the Hon. John Streicker, the Yukon government Minister for Energy Mines and Resources. Minister Streicker said that he had been approached by the utilities (which would be AEY and Yukon Energy) in the summer and fall citing concerns that the micro-generation program was affecting the stability of the grid. Minister Streicker said he was told that the utilities could no longer support micro-generation applications and had asked that the program be suspended. Whether or not they knew that a pause to the program was mentioned in the legislature on November 15, 2023, I would be very surprised if the representations by the utilities referenced by Minister Streicker could have been made to the Yukon government on AEY’s behalf without the knowledge or support of either Mr. Massie or Mr. Badry. Regardless, the possible change in micro-generation energy represents a negligible, if any, risk to AEY as the forecast micro-generation supply increase from 2023 to 2024 is only 0.1% of their supply (0.9% less 0.8%; Tr Vol 1 p81 L9-12).

4. Paragraph 30, page 14

The Industrial Rider R deferral account describe here does not comply with Board Order 2022-13 as pointed out in my Final Argument. The Board clearly said **all** industrial Rider R was to be included.

5. Paragraph 36, page 16

It is my view that sub parts i) and ii) are legitimate. However, AEY is obviously saving about $242,000 per year from forecasted IPP generation in Old Crow – twice the cost AEY would incur if 50% of the IPP generation is not delivered (AEY-YUB-035(c)). So, this cost saving should more than adequately compensate AEY for the costs claimed in sub-part iii). If the Board considered sub-part iii) to be legitimate, then AEY’s annual gain of: (actual energy produced/forecasted energy production) X $242,000, should also be added to this deferral account.

6. Paragraph 66, page 25-26

Adding more than $2 million a year in costs directly to ratepayers is unreasonable in the present circumstances. AEY had 5 years to come before the Board if AEY was really concerned about the state of the net salvage account or intergenerational inequity, or could have contributed a portion of their substantial over-earnings to that account. My argument and recommendation stemming therefrom stand unchanged.

7. Paragraph 70, page 27 to paragraph 88, page 33 risk premium

The various arguments presented here are not persuasive. It is still obvious to me that AEY exaggerates their risks, for example I have shown in argument that the financial risk of wildfire damage is all on the ratepayers. Ratepayers pay for losses that cannot be insured and pay the insurance deductible on infrastructure and equipment that can be insured.

8. Paragraph 115, page 41

An interesting position on capital is taken in this AEY argument when in response to Undertaking 15, AEY submitted documentation that shows that they are significantly behind in their capital program for 2023. This substantiates that AEY tries to justify more than they can realistically accomplish in test years.

9. Paragraph 137, page 48

The “various benefits” that are being flowed through to customers are those which ratepayers were entitled to but were denied by AEY for 5 years starting in 2018. These are not the “efficiency” gains to which AEY claimed entitlement (AEY-UCG-021 (c)).

Respectfully submitted,

John Maissan
December 18, 2023